

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: October 17, 2006

PAYROLL LETTER #06-021
CIVIL SERVICE ONLY

TO: All Agencies in the Uniform State Payroll System

FROM: DON SCHEPPMANN, Chief
Personnel/Payroll Services DivisionRE: **RANK AND FILE BARGAINING UNITS 3, 12 AND 13 HEALTH BENEFIT RATE REFUNDS**

Pursuant to the memorandum of understandings, the Department of Personnel Administration (DPA) has approved a retroactive health benefit state share rate increase for rank and file employees in bargaining units 3, 12 and 13 effective with the July 2006 pay period. A retroactive health benefit refund is being issued to eligible employees during October 2006. The refund is being calculated on a month-by-month basis for the July 2006 and August 2006 pay periods. The new 2006 health rates were updated to reflect the rate increase as of October 1, 2006 (September 2006 pay period).

REFUND CALCULATION

The gross monthly refund amount will be based on the difference between the old health benefit state share rates and the new health benefit state share rates in effect as of October 1, 2006. Rates are calculated for each monthly health benefit deduction, according to the employee's bargaining unit and party rate code.

Health Benefit State Share Rates and Gross Monthly Refund Amounts for Bargaining Units 3 and 13

Party Rate Code	New Health State Share Rate	Old Health State Share Rate	Gross Monthly Refund Amount
1	\$302.00	\$226.00	\$76.00
2, 4, 7 or A	\$606.00	\$450.00	\$156.00
3, 5, 6, 8, 9 or B	\$788.00	\$589.00	\$199.00

Health Benefit State Share Rates and Gross Monthly Refund Amounts for Bargaining Unit 12

Party Rate Code	New Health State Share Rate	Old Health State Share Rate	Gross Monthly Refund Amount
1	\$302.00	\$284.00	\$18.00
2, 4, 7 or A	\$606.00	\$564.00	\$42.00
3, 5, 6, 8, 9 or B	\$788.00	\$728.00	\$60.00

MONTHLY ELIGIBILITY

To be eligible for a month's refund the employee must have been an R03, R12 or R13 employee during the month and must have had a health benefit deduction withheld. For example, if the employee was a newly hired R03 employee as of July 7, 2006 and received pay with health coverage at a party rate code of '2' for the July and August 2006 pay periods, she/he would qualify for two monthly refund amounts of \$156.00 for a total gross refund of \$312.00.

PAYMENT INFORMATION

The Controller's Office will reverse the old health benefit deduction and state share amounts and withhold the new deduction and state share amounts for each qualifying pay period. A Payment Type 'P' credit issue warrant will be issued against the most current pay period being refunded. The employee's health plan description and amount being reversed and withheld will be listed under the 'Deductions' area on the Statement of Earnings and Deductions/Direct Deposit Advice. Federal and state taxes will be withheld from the payment. Social Security and Medicare tax if applicable will also be withheld. The refunds will be issued during the fourth week of October 2006.

Questions regarding this payroll letter should be directed to Sandy Westlake at (916) 324-9008 or via email at swestlake@sco.ca.gov.

DS:SW:PMAB